



WACHOVIA

February 25, 2008

Public Information Room Office of the Comptroller of the Currency 250 E Street, S.W. Mailstop 1-5 Washington, D.C. 20219 <i>Attention: 1557-NEW</i> <i>Via E-mail:</i> <i>regs.comments@occ.treas.gov</i>	Valerie Best Supervisory Counsel Comments, Room F-1070 Federal Deposit Insurance Corporation 550 17 th Street, N.W. Washington, D.C. 20429 <i>Attention: No. FFIEC 101</i> <i>Via E-mail: comments@FDIC.gov</i>
Jennifer J. Johnson Secretary Board of Governors of the Federal Reserve System 20 th Street and Constitution Avenue, N.W. Washington, D.C. 20551 <i>Attention: FFIEC 101</i> <i>Via E-mail:</i> <i>regs.comments@federalreserve.gov</i>	Information Collection Comments Chief Counsel's Office Office of Thrift Supervision 1700 G Street, N.W. Washington, D.C. 20552 <i>Attention: FFIEC 101</i> <i>Via E-Mail:</i> <i>infocollection.comments@ots.treas.gov</i>

Re: Joint Notice of Proposed Advanced Capital Adequacy Framework Regulatory Reporting Requirements related to Basel II (FFIEC 101)

Ladies and Gentlemen:

Wachovia Corporation appreciates the opportunity to comment on the proposed revisions (the "Proposal") to the Regulatory Reporting Requirements related to Basel II ("FFIEC 101"). Wachovia Corporation is the fourth largest bank holding company in the United States based on assets. We offer full financial services in twenty-one states and are active globally in more than forty international offices. Our holding company owns directly or indirectly, four national banks and three thrift institutions.

Calculation of the Scaling Factor for Credit Risk Assets

The definition of credit-risk weighted assets in Section 2 of the U.S. Basel II Final Rule states, "Credit-risk weighted assets means 1.06 multiplied by the sum of: (1) Total wholesale and retail risk-weighted assets; (2) Risk-weighted assets for securitization exposures; and (3) Risk-weighted assets for equity exposures."

The Final Reporting Templates go beyond this definition by subjecting four other types of exposures to this scaling factor. These are "Other Assets", "Unsettled Transactions", "Assets not included in a Defined Exposure Category" and "Non-Material Portfolios of Exposure". Because the "Other Assets" category will contain items carrying no credit risk such as buildings and fixed assets we ask it be excluded from any scaling factor.

Effect of PD substitution and LGD adjustment

We support some of the modifications regarding pre-mitigation between the Notice of Proposed Rulemaking and the Final Rule but continue to question the value of the remaining pre-mitigation reporting requirement. Institutions use several different techniques to capture the effects of credit risk mitigation. Indeed, the rule itself recognizes a PD substitution approach and a LGD adjustment approach for guarantees in the form of credit default swaps. There is still more variation when guarantees from related parties, such as the owner of a small business, are included in the guarantee category. This range of practice means that the numbers reported by banks will not be directly comparable, and the reporting risks adding to confusion rather than aiding transparency. We believe the analysis of how guarantors and other mitigation affect the capital calculation should be part of the Pillar II review rather than the Pillar III disclosure, at least until industry practices are better understood.

Reporting Due Dates

While we support the due dates outlined in the Notice for the parallel year, it should be noted there is an issue as it relates to timing once a bank has completed its parallel run. By aligning the Reporting Template submission date to that of the associated regulatory reports (FR Y-9C, TFR, and Call Report) there will be a misalignment at each year end. The Final Rule states the Pillar 3 disclosure will be considered timely if it is made no later than the reporting deadline of Regulatory Reports and other financial reports. When these differ, the Final Rule indicates the later date can be used. What is inconsistent is the Final Rule goes on to say the Agencies have decided that timely disclosure is to mean 45 days after a calendar quarter-end. Because the Reporting Templates will be issued in line with the Regulatory Reports, which is 45 days after a year-end but the SEC financial statements have up to 60 days for timely filing, there will be an inconsistency at each year-end because Pillar 3 will likely need to reference data which has not yet been made public via the SEC filing. We think it is absolutely necessary for the timing to be aligned with SEC reports given the connectivity to these disclosures.

Look-back scenarios

We continue to oppose any public disclosure related to the look-back concept. Due to the summarized nature of the data, any public disclosure would lack meaning and potentially lead to market confusion. While we understand the Regulators' desired objective we recommend the Regulators utilize the Pillar II process.

Thank you for the opportunity to share our views on this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "P. M. Carlson", with a stylized flourish at the end.

Peter M. Carlson
Wachovia Corporate Controller
Senior Vice President

cc (by electronic mail):

Gregory Norwood, Wachovia Treasury COO

Jennifer Cassidy, Wachovia Director of Regulatory Reporting

Laura Hearick, Examiner-in-Charge, Office of Thrift Supervision

David K. Wilson, Examiner-in-Charge, Office of the Comptroller of Currency

Richard F. Westerkamp, Central Point-of-Contact, Federal Reserve Bank of Richmond